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Remarks

Release No. 0323.94
Steve Kinsella (202) 720-4623

by
Secretary of Agriculture Mike Espy
Before the 1994 Briefing Tour of the
Canadian Institute of International Affairs
Washington, DC, April 19, 1994

Opportunities and Challenges in the U.S.-Canada Trade Relationship

To Peter [White], Allan [Gotlieb], and to all of you here, let me thank you for this invitation to meet with you. I do want to welcome you to Washington, though I know this is the third and final day of your briefing tour.

World trade is very much on everyone's mind because of the historic signing of the GATT agreement. I've just gotten back from Marrakech and I can give you a first hand report on global trade developments as well as bilateral developments this past week. I want to take a moment to describe the nature of our trade relationship as well discuss the specific problem we are having with certain commodities.

Importance of U.S.-Canada Trade Relationship

I've been asked to speak this morning on "Trade Problems and Opportuni-ties in the U.S.-Canada Relationship." Even given the problems we face, it would be truly shortsighted even nearsighted to ignore the opportunities which exist between our two countries.

President Clinton has laid out an ambitious agenda for economic growth in our country. It's a progressive agenda that explicitly recognizes that the prosperity of the United States is inextricably bound to the prosperity of our trading partners, in this hemisphere and abroad.

Together, our two nations already enjoy the largest bilateral trade relationship in the world -- more than $210 billion in two-way trade in goods last year. That's an increase of nearly $60 billion since the implementation of our 1989 free trade agreement.

Over that period, U.S. merchandise exports to Canada have grown from $79 billion to $100 billion, while Canadian exports to the United States have expanded from $88 billion to $111 billion.

And in both our nations, one of the most important industries is agriculture. Our farmers, our food processors, our agricultural exporters, and related industries have shared in this phenomenal trade growth.

In just the last 3 years, U.S. agricultural exports to Canada have grown by more than $1 billion, reaching a record $5.3 billion last year. Canada is the second largest export market for U.S. agriculture -- larger than our top five European markets combined. In 1993, fresh vegetables and fresh fruits alone, valued $1.33 billion, were exported by our growers to Canadian markets. And, since 1990, Canadian agricultural exports to the United States have increased by nearly half to $4.6 billion in 1993. Over $1 billion alone in live animals were exported to the U.S. from Canada. Last year, the United States provided a market for more than 50 percent by value of Canada's agricultural exports.

And, in a related area, forest products accounted for another $7.3 billion in two-way trade, with that balance heavily weighted in Canada's favor.

And today, with businesses gearing up as never before to take advantage of the long-awaited reforms in the new GATT agreement, our two nations could stand together on the threshold of what I believe will be a new era in world trade.

Resolving U.S.-Canadian Trade Issues

Standing in the way are stubborn problems that have defied resolution; some that have moved to center stage because of different views of our commitments under NAFTA and GATT; and the new questions that face us in implementing these agreements. And, among all these issues, some of the most sensitive and serious involve agriculture.

While we were in Marrakech, Morocco, for the signing last week, I joined U.S. Trade Representative Mickey Kantor for extensive discussions with our Canadian counterparts, Trade Minister Roy MacLaren and Agriculture Minister Ralph Goodale, in another attempt to find a resolution to some of the commodities still at issue such as wheat, dairy, poultry, and sugar. I'll be candid with you. We left the table as far apart as when we sat down.

Given the economic scale of our trading relationship, it is not surpris-ing that problems arise in some areas. In one sense, you can take them as a measure of our success. But, if allowed to fester and grow, such problems get magnified and require us to turn our attention from other matters. I don't believe either government wants that to happen, because the failure to resolve differences to mutual satisfaction can spill over, potentially jeopardizing trade in other areas and the overwhelming benefits we both derive.

One major issue we both face involves protection for import-sensitive commodities and reflects a fundamental difference in the way our two govern-ments interpret certain NAFTA commitments in light of the new GATT agreement. The Canadian government has been intent on preserving its supply-management system for dairy, poultry, and eggs, and does not want to open up more than minimal access in these markets.

To meet Uruguay Round commitments, Canada has agreed to convert its current import quotas to tariff-rate equivalents, but has not been willing to accept NAFTA commitments that, in our view, would then apply in these sectors. These commitments -- incorporating the bilateral provisions of the 1989 free-trade agreement -- require the elimination of tariffs between our two coun-tries by 1998.

Instead, Canada has proposed to replace the quotas with tariffs so high as to exclude all but a small trickle of imports. On cheese, we are talking about a tariff of 289 percent, butter 351 percent, poultry 280 percent. Those tariffs are certainly far away from the zero percent tariff goal outlined in the NAFTA. The United States certainly isn't home free on the issue of tariffs, either. We have certainly had our protected commodities, as well. But the difference is that we are willing to start down the road towards free trade, Canada in certain commodities, is not.

We recognize the political sensitivities on your side. But, in trade, as in physics, every action provokes a reaction.

Many of our farmers face difficult adjustments under these agreements, and they understood that the same rules would apply to all parties. In finding that the Canadian government wants to maintain protection for its most import-sensitive sectors at our expense, U.S. farmers claimed "foul," and rightfully so.

At the same time, the United States has faced a flood of imports of Canadian wheat and barley. Canadian exports of wheat to the United States more than quadrupled between 1989/90 and 1992/93. These imports have cost U.S. producers hundreds of millions of dollars in lost income. We view these Canadian inroads as due, at least in part, to WGTA (Western Grain Transporta-tion Act) subsidies that unfairly benefit Canadian producers, as well as to the monopoly control and pricing practices of the Canadian Wheat Board. The presence of the Wheat Board is clearly inconsistent with NAFTA grain trade: the US has no equivalent and Mexico has moved away from state trading.

Now, U.S. producers are always willing to face the challenge of competi-tion, but they have good reason to object when that competition is not fair.

What is unfair? Well, for one thing, your government has proposed to cap wheat exports at, what to our producers, is an outrageously high level --2.5 million metric tons. Let's look for a moment at where this figure comes from. It comes from our projected imports for 93/94 -- the year of the 500-year-flood in our nations heartland, the year 80,000 of our wheat producers received disaster payments.

What would be fair, in the eyes of our wheat farmers and a lot of our Congress would be a cap based on an average of the preceding five years --that would be 459 thousand metric tons; or even on an average of the preceding three years -- that would be close to one million metric tons.

What we have proposed, and what your government keeps rejecting, is a cap that is fairer than fair. We have proposed a cap of 1.5 million metric tons, based on our wheat imports of Canadian wheat during 92/93, far and away the highest, in history save for the year of the great flood.

U.S. farmers can not and should not be expected to compete against unfair subsidies and predatory pricing practices or to accept severely limited access to Canadian markets, while Canadian growers have virtually unlimited access to our market in the U.S. And our farmers aren't alone in their

complaints about Canadian wheat board practices, I talked to a number of Agriculture ministers from around the world who feel that the practice of the Canadian Wheat Board is simply unfair. One minister from a Latin America country went so far as to call it outrageous.

There is currently discussion of what unilateral action the U.S. could initiate in the event these issues remain unresolved. We had previously agreed to an April 22 deadline and that is now just four days away. The truth is that we have been very frustrated by the Canadian government's response, and we are nearing the point where we must move from talk to action. If we do not, I have no doubt that Congress will force action on its own to protect U.S. trade interests. We recognize that in such a case the Canadian govern-ment may well respond in kind, and this could trigger a very damaging cycle of trade measures and counter-measures that could potentially threaten our overall trading relationship.

I believe in negotiated settlements, but when a long series of meetings, including communications at the highest levels, fail to resolve these issues, you reach a point when you realize that the time for talk may be at an end.

I might point out that there are also some serious differences in lumber and beer. On the lumber question, our position is that much of the Canadian lumber entering the U.S. market is unfairly subsidized and is injuring our domestic industry. We are also concerned about evidence of potential con-flict-of-interest on the part of majority members of a panel that ruled against the U.S. position. The U.S. Trade Representative has now called for an "Extraordinary Challenge Committee" under the NAFTA to review the case. On beer, an agreement between our two governments last summer was supposed to settle the issue, but we're still waiting for fair access.

Now, my purpose in raising these issues here is not to try to recruit you to support the U.S. position, or to convince you that the arguments of the Canadian government are without any merit, but to point out that a decision by one government to maintain support or protection for one group has wider repercussions -- setting loose forces that can erode the entire concept of fair trade and that can open the door to an escalating series of demands to restore the balance. This is potentially the situation we face today.

Now, to some people this dispute may not have much meaning. In fact, by value, Canada exports five times as much livestock to the U.S. as wheat. But if you belong to that farm family in Montana or the Dakotas, who can't get their contract call and are forced to stand and watch in frustration as hundreds of Canadian wheat trucks cross over the border, this dispute means everything.

It is too much to expect that diplomats and government officials alone can solve all these problems. I think there is a need on both sides for greater interest and involvement by business leaders, taxpayers, consumers, farmers and others who share a legitimate interest in the outcome. For your part, as leaders within the Canadian business community, you need to under-stand what's at stake as issues arise, even when they appear to have no direct bearing on your own industry. And, if appropriate, you need to get involved by advocating fair-minded solutions which take into account the needs of particular sectors as well as broader national interests. And, as I think all of us here know when it comes to trade, lasting solutions generally require concessions by both governments.

It is essential that we find a way to resolve our bilateral problems. The costs of failure are too high for both our nations, and the opportunities before us are too compelling.

Trade Opportunities Under GATT and NAFTA

Let me say just a few words about our opportunities under these two precedent setting trade agreements, GATT and NAFTA. In seven previous GATT rounds, the average tariff on manufactured goods had been reduced from more than 40 percent to just around 5 percent. The latest agreement, if ratified by GATT nations, will further reduce these tariffs, but, even more, it will also open up new trade opportunities in important growth sectors, from services to intellectual property.

This agreement will help jump-start the world economy. By best esti-mates, under the new GATT agreement over the next decade the global economy will be $5 trillion richer. This means higher incomes around the world and an increasing demand for the widest range of U.S. and Canadian products and services.

It means more trade opportunities for our businesses, and more jobs for our people ... even some of the people who have shouted the loudest and longest against free trade.

In agriculture, this agreement will expand access to some of the world's fastest growing markets in Asia and elsewhere. Non-tariff barriers will be eliminated, and tariffs will be reduced an average of 36 percent in industri-alized countries and 24 percent in developing countries. It will, for the first time, discipline the use of export subsidies that have created so much friction in international trade. Both Canada and the United States, for example, can look forward to a 6.8-million-ton reduction in the European Union's subsidized exports of wheat and wheat flour by the year 2000.

For the first time, trade-distorting internal support for agriculture will be disciplined to discourage policies which induce artificial surpluses. And, no less important are the unprecedented new safeguards in GATT which will guarantee that, for the first time ever, trade-restricting measures to protect the health of consumers, plants, and animals are to be based on science, not politics. With these new rules, nations cannot so easily disguise protection-ist policies in arbitrary requirements linked to false claims of health hazards or protection from agricultural pests.

President Clinton has put all of us in his administration to work to develop and submit the required implementing legislation for GATT to the U.S. Congress as soon as possible -- we hope to be ready early this summer. With the cooperation of other nations, we would like to see implementation of the Uruguay Round agreement begin at the start of next year.

Let me turn quickly to prospects in our hemisphere. I have already discussed the benefits of our growing bilateral trade relationship and some of the problems we face. And how NAFTA, by bringing in fast-growing Mexico and its 90 million consumers, strengthens our relationship and creates new opportunities right here in North America.

Under NAFTA, the U.S., Canada, and Mexico are discussing a number of implementation issues, including accelerating the tariff reduction schedule so that tariffs can be phased out at even a faster rate than required under the agreement. We held our first trilateral meeting on tariff acceleration last month and hope to complete that first round this summer. A second round of acceleration negotiations is already being planned for later this year. These generally involve U.S.-Mexico and Canada-Mexico tariff schedules.

History of Cooperation and Common Interests

Whatever differences our governments may have from time to time, our future has traditionally been based on common interests in trade and many other areas.

President Kennedy noted more than 30 years ago: "Geography has made us neighbors. History has made us friends. Economics has made us partners. And necessity has made us allies."

Ours is a relationship that has always required a lot of communication, a lot of effort, and a lot of understanding on both sides of the border.

No one in this room needs to be reminded of the importance of trade, the benefits of trade liberalization, and the proven value of cooperation between our two countries in building stronger, more prosperous economies in our hemisphere and around the world.

Thank you.

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Release No. 0319.94
Robert Feist (202) 720-6789

PRELIMINARY REFERENDA RESULTS ON TWO TOBACCOS

WASHINGTON, April 18--The U.S. Department of Agriculture today announced preliminary results from two referenda held in March in which growers of dark air-cured tobacco, types 35 and 36, and fire-cured tobacco, types 21 through 23, have voted to have marketing quotas for marketing years 1994, 1995 and 1996.

Preliminary referenda results are:

Dark Air-Cured - Types 35 and 36

STATE	YES	NO	TOTAL	PERCENT YES
Indiana	11	0	11	100
Kentucky	4,105	492	4,597	89
Tennessee	959	75	1,034	93
TOTAL	5,075	567	5,642	90

Fire-Cured - Types 21 through 23

Virginia	671	49	720	93
Kentucky	2,414	281	2,695	90
Tennessee	1,826	226	2,052	89
TOTAL	4,911	556	5,467	90

Since at least two-thirds of the producers voted in favor, marketing quotas will be in effect for these kinds of tobacco for marketing years 1994, 1995 and 1996.

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Release No. 0320.94
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ESPY NAMES COTTON BOARD MEMBERS

WASHINGTON, April 18 -- Secretary of Agriculture Mike Espy announced today that he has appointed six members, six alternate members and one consumer adviser to the Cotton Board. The board administers a national cotton research and promotion program.

Representing producers, by state, are:

California/Nevada Position #1: Fredrick A. Wegis, Buttonwillow, Calif., and alternate Gene A. Lundquist, Bakersfield;

California/Nevada Position #3: John E. Pucheu Jr. and alternate Steve Cantu, both of Tranquility, Calif.;

Louisiana: John L. Dailey, Extension, and alternate Thomas A. Parker, Lake Providence;

Mississippi Position #1: Seymour B. Johnson, Indianola, and alternate Hugh M. Arant Sr., Ruleville;

North Carolina/Virginia: David L. Burns, Laurinburg, N.C., and alternate Matt W. Ransom, Roanoke Rapids;

Texas Position #1: S.M. True Jr., Plainview, and alternate Kent D. Nix, Lamesa; and

Consumer Adviser: Dr. Betty B. Alford, Denton, Texas.

The appointees will serve a three-year term ending Dec. 31, 1996.

The Cotton Board comprises 24 members, their alternates and one public member who serves as a consumer adviser. Members of the board represent both cotton producers and importers.

Each cotton-producing state or region identified in the Cotton Research and Promotion Act has at least one member on the Cotton Board. Additional members are determined by the amount of cotton produced that exceeds 1 million bales. Importers are allotted four positions based on the volume of cotton imports on which assessments are paid.

The cotton research and promotion program advances the position of cotton in the marketplace. It is funded by assessments on all domestically produced cotton and imports of foreign-produced cotton and cotton-containing products.

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Release No. 0325.94
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USDA ANNOUNCES SUPPORT LEVEL, BY TYPE, FOR 1994-CROP PEANUTS

WASHINGTON, April 19 --The U.S. Department of Agriculture's Commodity Credit Corporation today announced the average support levels by type, quality and location for the 1994 peanut crop.

The figures are based on national price support levels of $678.36 per short ton for quota peanuts and $132.00 per short ton for additional peanuts. Additional peanuts are those peanuts that are produced in excess of the quota established for a farm or on a farm that has no quota.

The quota support level by type for an average grade ton of 1994-crop peanuts will be:

- -- $675.30 for Virginia-type peanuts;
- -- $682.26 for Runner-type peanuts;
- -- $634.46 for Spanish-type peanuts;
- -- $675.30 for Valencia-type peanuts from the Southwest area which are suitable for cleaning and roasting; and
- -- $634.46 for other Valencias.

The method of computing the price support levels for 1994-crop peanuts and the grades within the types is the same as last year.

For each percent of sound mature kernels in a ton, including sound split kernels, the support level will be:

- -- Virginia-type peanuts, $9.807;
- -- Runner-type peanuts, $9.615;
- -- Spanish-type peanuts, $9.567;
- -- Valencia-type peanuts in the Southwest area which are suitable for cleaning and roasting, $10.166;
- -- and other Valencias, $9.567.

The loan value for additional peanuts is 19.46 percent of the applicable quota support level. The factor represents the ratio of the $132.00 per short ton national support level for additional peanuts to the $678.36 per short ton national support level for quota peanuts.

As with the 1993 crop, the price support level for 1994-crop peanuts on which a growth regulator was used will be discounted by 100 percent from the price support level that otherwise would be applicable.

The actual price support level for an individual lot of peanuts will depend on the percent of the various sizes of kernels in each ton of peanuts and other factors.

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Release No. 0326.94
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USDA ANNOUNCES REVISIONS TO UPLAND COTTON USER MARKETING CERTIFICATE PROGRAM

WASHINGTON, April 19 -- Grant Buntrock, executive vice president of the U.S. Department of Agriculture's Commodity Credit Corporation, today announced revisions to the upland cotton user marketing certificate "Step 2" program.

"The Step 2 program provisions are intended to assure the competitiveness of U.S.-grown cotton in domestic and foreign markets by providing payments to U.S. textile mills and exporters of U.S. upland cotton," Buntrock said. "Program participants should receive the revised CCC agreement for their review and signature from the Kansas Commodity Office of USDA's Agricultural Stabilization and Conservation Service in early April."

The original provisions of the Step 2 program encouraged extraordinarily large export registrations at the beginning of the new program cycle in April 1992 and again in April 1993. The large export registrations in April 1993 significantly affected subsequent price quotes, reduced the number of exporters who could competitively participate in international trade and lowered the competitiveness of U.S. mills. For these reasons, CCC, in consultation with the cotton industry, sought to modify the program.

Under the new procedures, no change was made to existing rules regarding U.S. mills or the payment rate received by U.S. exporters with respect to upland cotton which is to be exported before September 30 of the next crop year (current export sales). The following changes were made with regard to upland cotton which is to be exported after September 30 of the next crop year (forward export sales):

1. Forward export sales made during the period beginning about October 1 and ending four weeks after forward price quotations become available will be eligible for payments based on the current payment rate subject to a maximum of 2.5 cents per pound. This provision will take effect beginning the week that includes October 1, 1994.

2. Effective immediately, the payment rate applicable to forward export sales during the period beginning four weeks after forward price quotations become available and ending about July 31 will be the lower of (1) the amount the U.S. Northern Europe forward price less 1.25 cents exceeds the Northern Europe forward price, or (2) the payment rate in effect for forward sales during the previous week, plus 20 percent of the amount the U.S. Northern Europe forward price less 1.25 cents exceeds the Northern Europe forward price.

In March, CCC also proposed that, in order to establish a payment rate for export sales, exporters should be required to specify to CCC the country of destination. CCC will defer any decision on the destination issue until it can be determined if the revised payment rates remedy the past problems.

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Release No. 0327.94
Gil High (202) 720-8998
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USDA SEEKS COMMENTS ON POSSIBLE CHANGES IN EGG PRODUCTS INSPECTION PROCEDURES

WASHINGTON, April 20 -- The U.S. Department of Agriculture is soliciting comments on that portion of its egg products inspection procedures which concerns the mechanical breaking of shell eggs.

"This is an opportunity for all interested parties to comment on whether an inspection of the egg shell should continue to be a part of determining the wholesomeness of the product," said Lon Hatamiya, administrator of USDA's Agricultural Marketing Service.

This issue is being evaluated because of a request from a firm seeking USDA approval of an egg breaking machine. The firm's machine uses a design concept that differs significantly from breaking machines currently accepted for use in officially inspected plants.

AMS is not at this time proposing a change to its current regulations regarding inspection of egg products, but invites all interested persons to comment.

The Egg Products Inspection Act assures that egg products reaching consumers are wholesome, properly labeled and properly packaged. The act requires that egg processing plants operate under mandatory continuous inspection and be subject to the program's sanitary, processing and facility requirements.

Details of the proposal are scheduled to be published in the April 21 Federal Register. Comments should be sent to Janice L. Lockard, Chief, Standardization Branch, Poultry Division, AMS, USDA, Room 3944-S, P.O. Box 96456, Washington, D.C. 20090-6456. All comments must be received by May 6.

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Release No. 0329.94
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MORE THAN 3300 USDA EMPLOYEES TAKE BUYOUT SO FAR

WASHINGTON, April 21 -- The U.S. Department of Agriculture has already reduced its employee rolls by 1166 through the use of the buyout incentive begun three weeks ago and another 2164 employees have requested the buyout and will likely leave the Department by mid-May.

The reductions are part of Secretary of Agriculture Mike Espy's efforts to reduce the Department's work force by 7500 positions by 1998. Espy called for these reductions in September 1993 as part of his effort to reorganize and streamline USDA.

"We are substantially on our way to meeting our goal to become a leaner, more efficient Department," Espy said. "With the passage of reorganization legislation, the Department of Agriculture will continue to be streamlined and reinvented to be the most effective and efficient that it can be."

The majority of the employees taking the buyout are in the Forest Service (2274 employees) and the Soil Conservation Service (1025 employees). Other USDA agencies offering the buyout to date are the Office of Public Affairs and the Economic Research Service. Additional agencies are expected to use the option later in this fiscal year or early next fiscal year. The authority for the buyouts expires on March 31, 1995.

The buyout option, technically called Voluntary Separation Incentive Payments, was authorized by legislation signed by President Clinton on March 30, 1994. The purpose of the legislation was to give management a tool to stimulate attrition where it is needed in order to avoid involuntary separa-tions.

As part of the Clinton Administration's efforts to reinvent government, Espy has proposed a major reorganization of the Department of Agriculture. The proposal, which was approved by the full Senate last week, will reduce the number of USDA agencies from 43 to 29, consolidate and close 1,200 field offices, reduce employee numbers by 7,500 and save the government over $2.3 billion over a five-year period.

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Release No. 0331.94
Steve Kinsella (202) 720-4623
Tom Amontree (202) 720-4623

JOINT RELEASE FROM SECRETARY ESPY AND U.S. TRADE REPRESENTATIVE KANTOR

WASHINGTON, April 22 -- Secretary of Agriculture Mike Espy and U.S. Trade Representative Mickey Kantor announced today that the United States had formally notified other GATT member-countries of the U.S. intention to take action on grain imports pursuant to Article XXVIII of the GATT.

As a result of this notification under Article XXVIII, the United States will be allowed after ninety day to impose higher tariffs or tariff-rate quotas on grains. GATT rules call for the United States and Canada, the only significant exporter of grains to the United States, to try to agree on a negotiated solution during this ninety-day period. Failing agreement, the United States may proceed unilaterally, but Canada would then be able to exercise GATT rights as well.

The United States and Canada have been negotiating since December, 1993 about bilateral trade in several agricultural products that will be the subject of new rules because of the combination of the Uruguay Round and the NAFTA. Those products include not only wheat and barley, but also sugar, poultry, peanut products and dairy. "Today's announcement is about achieving a fair solution not only for wheat but a wide range of agricultural commodities that we have been discussing with Canada," said Secretary Espy.

Ambassador Kantor added, "While we are prepared to exercise our rights under GATT and NAFTA on all these products, we are also still fully prepared to negotiate a solution to the agricultural problems of both countries in a way that recognizes the needs of each side."

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Release No. 0332.94
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ASSISTANT SECRETARY LYONS ANNOUNCES EARTH DAY INITIATIVES

WASHINGTON, April 22 -- People, both rural and urban, will benefit from four environmental initiatives launched at the U.S. Department of Agriculture and other agencies this week, as part of Earth Day celebrations.

"The initiatives celebrate our commitment to the earth, to its natural resources, and to the people who care for their environment," said James R. Lyons, assistant secretary for natural resources and the environment. "We're celebrating a new way of doing business, by collaborating with many groups and involving citizens in decisions for managing natural resources. We are involving people who have a stake in the outcomes of these decisions, since they are the ones who will have to live with the decisions for years to come," he said.

This week, Secretary of Agriculture Mike Espy formally created the Agricultural Council on Environmental Quality, as mandated by the 1990 FACT Act. The mandate of the Council is to promote strong, effective intra-departmental coordination in resolving environmental problems and developing environmental policy. The Council will be comprised of Assistant and Under Secretaries whose responsibilities include programs charged with environmental protection. In addition, the Council will serve as the focal point for USDA interaction for environmental issues with other departments, agencies, environmental groups and the agricultural community.

The new Urban Resources Partnership program, brings together a wide range of groups and citizens from within and outside government, to revitalize urban environments. Pilot cities this year are Atlanta, Chicago, New York, and Seattle.

The partnerships initiative will combine the resources and expertise of three federal agencies to work with local and state agencies and citizens to address the needs of urban communities. The U.S. Department of Agriculture, Department of the Interior, and Environmental Protection Agency are teaming up with local and state agencies and citizens to address the needs of urban ecosystems and the human communities who make up a part of those ecosystems.

A third initiative is a series of forums beginning this summer in 16 cities in rural areas, as well as other events on natural resource issues. "We want to listen to what grassroots interests in the states have to say about natural resource issues and how they should be dealt with," Lyons said.

The fourth initiative concerns global climate change. The agricultural sector is helping reduce greenhouse gas emissions through initiatives in the President's Climate Change Plan. These actions will also contribute to developing more productive, environmentally sound, and economically viable farming systems.

For example, USDA is providing assistance in the planting of trees in rural and urban forests which helps to cool and purify the air; implementing scientific research to determine the relationships between air pollutants, climate change, and forests; and protecting biodiversity to preserve the potential for plants and animals to adapt to global climate change.

In addition, USDA is helping farmers and ranchers protect the world's ecosystem by such actions as reducing the release of methane gas from manure by capturing and recycling the methane to generate power, leaving crop residue on fields to reduce the release of carbon dioxide from the soil, and producing alternative fuels from agricultural products.

Illustrating that environmental issues are on the front burner of USDA every day, Lyons mentioned work currently underway in the Galapagos Islands.

As part of USDA's continuing concern for the global environment, the U.S. Forest Service has sent two fire managers to the Galapagos Islands, Ecuador, to assess the serious wildland fire that is currently burning out of control. The fire, on the island of Isabela, may threaten endemic, high-value wildlife and plant communities.

The ecological importance of the Galapagos Island to the word community is significant. The Forest Service is working in tandem with the Charles Darwin Foundation, the Ecuadorian government, U.S. AID and others to control this serious threat to our world's environmental community.

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Program Announcements-

Release No. 0324.94
Gene Rosera (202) 720-6734

USDA ANNOUNCES PREVAILING WORLD MARKET RICE PRICES

WASHINGTON, April 19--Under Secretary of Agriculture Eugene Moos today announced the prevailing world market prices of milled rice, loan rate basis, as follows:

--long grain whole kernels:	10.78 cents per pound
--medium grain whole kernels:	11.55 cents per pound
--short grain whole kernels:	11.41 cents per pound
--broken kernels:	5.39 cents per pound

Based upon these milled rice world market prices, loan deficiency payment rates, gains from repaying price support loans at the world market price, and marketing certificate rates are zero.

The announced prices and rates are effective today at 3:00 P.M. EDT. The next scheduled price announcement will be made April 26, 1994 at 3:00 P.M. EDT.

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Release No. 0328.94
Janise Zygmont (202) 720-6734

USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, April 21 -- Grant Buntrock, executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market price, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustment (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, April 28. The user marketing certificate payment rate announced today is in effect from 12:01 a.m. Friday, April 22 through midnight Thursday, April 28.

The Agricultural Act of 1949, as amended, provides that the AWP may be further adjusted if: (a) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and (b) the Friday through Thursday average price quotation for the lowest-priced U.S. growth as quoted for Middling (M) 1-3/32 inch cotton, C.I.F. northern Europe (USNE price) exceeds the Northern Europe (NE) price. Because this week's calculated AWP is equal to 136 percent of the 1993 upland cotton base quality loan rate, a further adjustment cannot be made.

This week's AWP and coarse count adjustment are determined as follows:

Adjusted World Price

NE Price	84.99	
Adjustments:		
Avg. U.S. spot market location 11.91		
SLM 1-1/16 inch cotton 1.50		
Avg. U.S. location 0.31		
Sum of Adjustments	- 13.72	
ADJUSTED WORLD PRICE	71.27	cents/lb.

Coarse Count Adjustment

NE Price	84.99	
NE Coarse Count Price	- 82.08	
	2.91	
Adjustment to SLM 1-1/32 inch cotton	- 3.20	
	- 0.29	
COARSE COUNT ADJUSTMENT	0	cents/lb.

Because the AWP is above 52.35 cents per pound--the base quality loan rate for both the 1992 and 1993 marketing years--the loan repayment rate during this period is equal to the loan rate, adjusted for the specific quality and location plus applicable interest and storage charges. The AWP will continue to be used to determine the value of upland cotton that is obtained in exchange for commodity certificates.

Because the AWP is above the 1993-crop loan rate, loan deficiency payments are not available during this period.

The USNE price has not exceeded the NE price by more than 1.25 cents per pound for four consecutive weeks, nor have all of the previous four AWP's been less than 130 percent of the 1993 crop year base quality loan rate. As a result, the user marketing certificate payment rate is zero. Relevant data are summarized below:

Week	For the Friday through Thursday Period Ending	AWP (Announced) As Percent of Loan Rate	USNE Price	NE Price	User Marketing Certificate Payment Rate
			.....	cents/lb	.....
1	Mar. 31, 1994	131.2	83.60	82.39	0
2	Apr. 7, 1994	130.1	83.08	81.85	0
3	Apr. 14, 1994	132.2	84.90	82.92	0
4	Apr. 21, 1994	136.1	88.50	84.99	0

Next week's AWP, CCA and user marketing certificate payment rate will be announced on Thursday, April 28, at 5 p.m.

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